Time Inc. Says McManus Will Succeed Grunwald as Magazines' Editor in Chief

By LAURA LANDRO
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NEW YORK—Time Inc. said Jason McManus, Time magazine's managing editor, will succeed Henry A. Grunwald as editor in chief of the company's magazine group and as a board member.

Mr. McManus, 53 years old, has long been considered the heir apparent to Mr. Grunwald, who will reach the mandatory retirement age of 65 at the end of this year. Mr. McManus will leave the Time magazine position on May 4 to work with Mr. Grunwald, and will assume the new positions at year's end.


Jason McManus

Time said Henry Muller, 40, will succeed Mr. McManus as managing editor of Time on May 4; he is currently assistant managing editor of Time and the magazine's chief of correspondents.

Mr. McManus will assume one of the most powerful editorial positions in the country. His primary duty will be the oversight of Time's seven core magazines: Time, Life, Money, Sports Illustrated, People, Fortune, and Discover.

Mr. McManus and Ray Cave, currently corporate editor, the No. 2 post under Mr. Grunwald, were initially considered competitors for Mr. Grunwald's job 18 months ago, when they switched jobs; Mr. Cave, then managing editor of Time, took Mr. McManus's post as corporate editor.

Mr. Cave, 57, will continue to hold the No. 2 post under Mr. McManus, but will get a new title, editorial director. The move is typical for Time; when Mr. Grunwald and Ralph Graves were in the running to succeed Hedley Donovan as editor in chief almost a decade ago, Mr. Graves, then corporate editor, lost out but was given the editorial director title.

Closer to Grunwald

Although Mr. Cave has a reputation for being among the company's top editorial talent, Time staff members said Mr. McManus was much closer to Mr. Grunwald and to top Time management. Mr. McManus's style is also considered less confrontational and more diplomatic, Time staff members said.

Mr. McManus takes his job as Time is undergoing some wrenching changes in its editorial operations. During most of Mr. Grunwald's tenure, the company's editorial operation was considered sacrosanct; no expense was considered too high and the company had a reputation as among the most generous and patriarchal publishers. But over the last year, Time has undergone a series of editorial cutbacks in the face of soft advertising revenue and rising costs, and hundreds of jobs have been eliminated.

Mr. McManus acknolwedged that Time is in a "new era," and "like most corporations in America is operating in a different environment." He added, "one of the tests we face is how to maintain quality at a time when we have to operate more economically." He said that the company's cutbacks are a "nitty-gritty job" but "immensely important" to the company's health.

Mr. McManus also will be overseeing an editorial operation with greatly curtailed development activities. Under Mr. Grunwald, Time spent lavishly on development projects, and tested more than a dozen magazines that never came to fruition, including Picture Week, Quality, Leisure, and Home Office. Time recently announced plans to dismantle the magazine development group responsible for most of the projects.

"We can't develop magazines at the same time we are cost cutting," Mr. McManus said. "But I think we are committed to finding new opportunities and we will return to magazine development and acquisitions." He added, "Time is determined to grow the magazine business."

Time's magazines are still the largest single contributor to the company's revenue (41% of the 1986 total) and operating profit (43%). However, 1986 operating profit fell 8% due to a $32 million charge to cover staff reductions and higher development expenses for the test of Picture Week, which the company decided not to launch. While advertising revenue rose 3% and circulation revenue increased 10%—primarily because of price increases—the number of advertising pages declined for the group last year.

Discover magazine has yet to turn a profit and rumors persist that the company will close the general-interest science publication. A Time spokesman denied the reports, saying the magazine is showing improvement in both circulation and advertising.

Mr. McManus, Time staff members noted, differs in both background and style from Mr. Grunwald. Although he has held a wide range of reporting and editing posts in the U.S. and abroad since joining Time Inc. in 1959, he has held the Time managing editor's job only since September 1985, while Mr. Grunwald was in the job for almost a decade.

The staff members noted that Mr. McManus hasn't had time to make much of a mark in the job, and many have speculated that he was only given the post to provide him with the credentials to succeed Mr. Grunwald. Mr. McManus has also kept a considerably lower profile outside the company than his predecessor.

Elder Statesman

The Vienna-born Mr. Grunwald, who held his first Time Inc. job at 17, became managing editor of Time in 1968, corporate editor in 1977, and editor in chief in 1979. He has cultivated a reputation as something of an elder statesman of journalism, continuing to write columns and leading Time correspondents on such interviews as the first ever granted by Soviet leader Mikhail Gorbachev. He was also responsible for such projects as Time's "American Renewal" series, during which all of Time's magazines featured the same theme; the project received mixed reviews from media critics.

Through a spokesman, Mr. Grunwald said he has been too busy to decide what his next move will be.

Mr. Cave, who, like Mr. McManus, joined Time Inc. in 1959, is credited with a number of major changes in Time magazine's look and content, including an increase in the number of color pages and the introduction of several new departments.

Interest Rates Fall and Bond Prices Rise As Dollar Firms After Baker Comments

CREDIT MARKETS

By Tom Herman
Staff Reporter of The Wall Street Journal

NEW YORK—A stronger dollar helped spark further declines in interest rates yesterday.

The latest 30-year Treasury bond's yield fell to about 8.2% late in the day from 8.28% Wednesday and as much as 8.55% earlier this week. Prices of some actively traded Treasury issues surged more than ¾ point, or $7.50 for each $1,000 face amount.

The bond rally began in the Tokyo markets after a speech here Wednesday night by Treasury Secretary James Baker. Mr. Baker's remarks were interpreted by traders as a clear signal that the Reagan administration finally is prepared to take steps to help bolster the dollar in the currency markets. Previously, many analysts thought the administration was hoping the dollar would drop further on the theory that would help U.S. exporters and defuse protectionist pressures in Congress.

"Baker's remarks show he feels the dollar has fallen far enough," said Bruce R. Lakefield, executive vice president at Shearson Lehman Government Securities Inc. "And that is very positive" for the bond markets. Asked how much of yesterday's rally he would attribute to Mr. Baker's speech, he replied: "I attribute everything to the Baker speech."

In a speech at the Japan Society's annual dinner, Mr. Baker said the seven major industrial countries "now believe that our currencies are within ranges broadly consistent with economic fundamentals, and all of us favor stability around current levels." He specifically mentioned the yen-dollar rate.

Mr. Baker didn't give any details or say how he hopes to achieve stability in the dollar. But he did say: "In this connection, let me make one point clear: a further decline of the dollar against the other main nondollar currencies could very well be counterproductive to our goal of higher growth in those countries." He pledged that the U.S. will "cooperate closely to foster stability" of exchange rates.

Some skeptics who attended Mr. Baker's speech retorted that there is a big difference between international cooperation and success. They insist that the U.S. trade deficit will remain so large for so long that the dollar is destined to drop further no matter how much intervention is done by central banks.

Moreover, some investment strategists still question whether the Reagan administration stands solidly behind the policy outlined by Mr. Baker. "There's no unanimity (within the administration) on the need to go all out to peg the dollar at current levels," contended Hung Q. Tran, director of fixed-income research at Deutsche Bank Capital Corp. in New York.

But bond traders reacted enthusiastically. Shortly after Mr. Baker finished his speech, one trader quickly left the ballroom to execute a trade in the Tokyo market. "This speech was very bullish" for bonds, he said.

The Federal Reserve System late yesterday reported that money-supply growth slowed sharply last month. The news had been widely expected and thus had little impact on the credit markets. But some economists contend that the money supply's abrupt slowdown over the past few months could be a hint that slower economic growth lies ahead, increasing the odds for lower interest rates.

All three measures of money supply, M1, M2 and M3, registered anemic growth in March. The M2 and M3 figures now have fallen just below the lower end of the Fed's target range of 5.5% to 8.5% growth this year. The Fed doesn't have a target for M1.

[Federal Reserve Statistics on Page 23]

The M2 measure grew at an annual rate of only 1.7% last month and has expanded at a 5.1% clip from its average level during last year's fourth quarter. The M3 measure grew at a 1.9% pace last month and has expanded at a 5.4% rate from last year's final quarter.

The Fed said the M2 measure rose only $4.1 billion last month to a seasonally adjusted average of $2.8256 trillion, while M3 rose $5.5 billion to $3.5256 trillion.

The M1 measure, which fell slightly during February, rose at a 3.3% annual rate last month. During the week ended April 6, the M1 measure rose $1 billion to a seasonally adjusted average of $739.8 billion. Although M1 has showed little growth lately, it expanded at a 15.2% pace last year, far above the Fed's target for that year of 3% to 8% growth.

Yesterday's bond market rally was the second in a row following a severe slump that began March 26. The Treasury's 7½% bonds due in 2016 rose yesterday to 92 7/32 from 91 13/32 Wednesday. The government's 7¼% notes due 1996 advanced to 95⅛ from 94 22/32, while the yield declined to 7.99% from 8.06%.

An index of long-term Treasury bonds, compiled by Shearson Lehman Brothers Inc., rose 7.88 points to close at 1336.84. That followed Wednesday's surge of 15.27 points, which was the largest one-day increase in almost six months. The index yesterday hovered between 1332.71 and 1339.54.

The federal funds rate yesterday declined to an average of 6.27%, according to an estimate by Fulton Prebon (U.S.A.) Inc. That compared with an average of about 6½% earlier this week.

Rates also fell on short-term Treasury bills. The latest three-month Treasury bill rate declined to 5.56% bid from 5.66% Wednesday, while the latest six-month bill fell to 5.82% from 5.93%.

SEC Moves to Correct Abuses by Firms In Price Markups on Zero-Coupon Bonds

By Bruce Ingersoll
Staff Reporter of The Wall Street Journal

WASHINGTON—The Securities and Exchange Commission took the unusual step of spelling out how its policy on securities price markups applies to zero-coupon bonds.

investigating other zero-coupon cases.

As the number of zero-coupon bond securities proliferate, the SEC staff has become increasingly troubled about excessive markups and inconsistent methods for calculating markups. Generally, a markup is the difference between the purchase